

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION**

IN THE MATTER OF:)
) Case No: 19-21957
CALUMET ABRASIVES CO. INC.,)
) Chapter 11
Debtor.)

**EMERGENCY MOTION FOR USE OF FIRST MIDWEST BANK'S
CASH COLLATERAL**

Comes now Calumet Abrasives Co. Inc., Debtor and Debtor-in-Possession, by counsel, and files its Emergency Motion for Use of First Midwest Bank's (the "Bank") Cash Collateral pursuant to Bankruptcy Code § 363(c)(2)(B)(3) and Bankruptcy Rule 4001(b) and states:

INTRODUCTION

1. Calumet Abrasives was founded in 1945 to provide high-performance, custom engineered solutions, private label, and traditional off-the-shelf abrasive cutting wheels for every application. Since 1986, Calumet has been largely a private label company, focusing on the brand development of its customers.

2. In December, 2018, the Debtor had a change in corporate ownership and management when 50% of the outstanding shares of the company were sold to Robert Shindorf, with John Anderson retaining 50% of the shares of stock. At the same time, John Anderson resigned his position within the company as director and as an officer. Robert Shindorf was elected as the sole Director and was then elected to the positions of President, Secretary and Treasurer. The Debtor currently employs approximately 54 full-time employees and 20 part-time/temporary employees.

3. On May 7, 2019, Calumet Abrasives Co. Inc. filed its Petition for Relief under Chapter 11 of the Bankruptcy Code, and has thereafter conducted its business as Debtor-in-possession.

4. Prior to Debtor filing for Bankruptcy Court protection, the entered into two (2) business loan agreements with Standard Bank and Trust Company (hereinafter the "Notes"). The Notes were subsequently assigned to the Bank. The Notes, execution dates, amounts, and current balances are as follows:¹

Note	Note Date	Account Number	Note Amount	Current Balance
Line of Credit ("LOC")	March 22, 2018	4055300001	\$1,000,000.00	\$1,000,000 ²
Equipment Loan	January 5, 2018	2016000627	\$896,932.48	\$691,396

5. The Bank asserts a lien on all equipment (valued at approximately \$2,500,000), inventory (valued at approximately \$400,000) and account receivables (currently valued at approximately \$365,000) owned by the Debtor ("Collateral") and all deposit accounts (currently approximately \$250,000) at or under the control of the Bank, if any, which belong to the Debtor by virtue of a Security Agreement, which was entered into pre-petition. A copy of the list of the Bank's Collateral is attached hereto, made a part hereof, and marked as Exhibit "A".

6. Debtor believes the value of Collateral in this case subject to the Bank's security interest approximates or exceeds the Bank's claim. The approximate value of the Banks

¹ Debtor is also a guarantor under a Commercial Guaranty of a Business Loan Agreement between the Bank and John G. Anderson dated September 10, 2012 that is secured by a mortgage on real estate commonly known as 3023 and 3039 169th Place, Hammond, IN and cross collateralized on the Debtor's Commercial Guarantee by the Collateral. The current balance of Mr. Anderson's Business Loan is believed to be \$372,792.02.

² Based upon notice by the Bank, it is believed that through the Petition Date, there is also due and payable accrued interest since December 20, 2018, plus other late fees, costs, fees and expenses on the LOC Loan, the amount of which is unknown to Debtor.

Collateral is \$ 3,515,000. Debtor believes the value of the Bank's security interest in Collateral is currently estimated at \$1,691,396, plus any amounts owed on the Commercial Guarantee referenced above.

7. That the Collateral is made up of inventory which is sold to third parties in its ordinary course of business. The inventory component of the Collateral generates cash on a daily basis for the Debtor ("Cash Collateral") which the Debtor is proposing it be permitted to use in order to continue to operate its business.

Relief Requested

8. The Debtor is proposing to utilize Cash Collateral which is the proceeds of the Collateral. The Debtor proposes a short term use of Cash Collateral pursuant to the weekly budget attached hereto as Exhibit "B". The ongoing use of Cash Collateral will be set forth in an Operating Budget which Calumet Abrasives Co. Inc., is presently completing. The Operating Budget will provide for payment of wages and expenses for the continuing operation of the corporation and preservation of collateral in the Chapter 11 proceeding.

9. As adequate protection for the use of Cash Collateral, Calumet Abrasives will offer a replacement lien on assets to the Bank and each secured creditor to the full extent of the value of that creditor's lien at the commencement of the case. Further, financial reports will be provided to the Bank and other secured creditors herein to provide ongoing information as to the status of operations, sales and the creating of post-petition accounts receivable. The Debtor believes that through continuous operation, it can maintain and increase the value of the accounts receivable generated from the production and sale of the inventory, preserving and maintaining the value of the business operation and thereby adequately protecting Debtor's use of Cash Collateral herein.

10. Debtor requests a preliminary hearing as soon as the Court's calendar will permit to consider the use of Cash Collateral. Debtor requests the Court set a final hearing to consider authorization to use of Cash Collateral.

WHEREFORE, Debtor respectfully requests the Court authorize use of cash collateral consistent with the Debtor's request as set forth in this Emergency Motion, and for all other just and proper relief in the premises.

Respectfully submitted:

DANIEL L. FREELAND & ASSOCIATES, P.C.

/s/ Frederick L. Carpenter

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CERTIFICATE OF SERVICE

I certify that I served a true and complete copy of the above and foregoing instrument on this 7th day of May, 2019, upon the following:

Via Electronic Mail:
United States Trustee

Via First Class Mail:
All secured creditors set forth on the list attached hereto as Exhibit "C"
All entities on the list of 20 largest unsecured creditors attached hereto as Exhibit "D"

/s/ Frederick L. Carpenter
Frederick L. Carpenter